
ENGROSSED SUBSTITUTE SENATE BILL 6127

State of Washington

60th Legislature

2007 Regular Session

By Senate Committee on Transportation (originally sponsored by Senators Spanel, Swecker, Kilmer, Haugen, Marr and Kohl-Welles)

READ FIRST TIME 03/05/07.

1 AN ACT Relating to state ferries; amending RCW 47.06.140,
2 47.60.290, and 47.60.330; adding new sections to chapter 47.60 RCW;
3 creating a new section; repealing RCW 47.60.150 and 47.60.326; and
4 providing expiration dates.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 47.06.140 and 1998 c 171 s 7 are each amended to read
7 as follows:

8 (1) The legislature declares the following transportation
9 facilities and services to be of statewide significance: The
10 interstate highway system, interregional state principal arterials
11 including ferry connections that serve statewide travel, intercity
12 passenger rail services, intercity high-speed ground transportation,
13 major passenger intermodal terminals excluding all airport facilities
14 and services, the freight railroad system, the Columbia/Snake navigable
15 river system, marine port facilities and services that are related
16 solely to marine activities affecting international and interstate
17 trade, and high-capacity transportation systems serving regions as
18 defined in RCW 81.104.015. The department, in cooperation with
19 regional transportation planning organizations, counties, cities,

1 transit agencies, public ports, private railroad operators, and private
2 transportation providers, as appropriate, shall plan for improvements
3 to transportation facilities and services of statewide significance in
4 the statewide multimodal plan. Improvements to facilities and services
5 of statewide significance identified in the statewide multimodal plan
6 are essential state public facilities under RCW 36.70A.200.

7 (2) The department of transportation, in consultation with local
8 governments, shall set level of service standards for state highways
9 and state ferry routes of statewide significance. Although the
10 department shall consult with local governments when setting level of
11 service standards, the department retains authority to make final
12 decisions regarding level of service standards for state highways and
13 state ferry routes of statewide significance. In establishing level of
14 service standards for state highways and state ferry routes of
15 statewide significance, the department shall consider the necessary
16 balance between providing for the free interjurisdictional movement of
17 people and goods and the needs of local communities using these
18 facilities. When setting the level of service standards under this
19 section for state ferry routes, the department may allow for a standard
20 that is adjustable for seasonality.

21 NEW SECTION. Sec. 2. A new section is added to chapter 47.60 RCW
22 to read as follows:

23 The definitions in this section apply throughout this chapter
24 unless the context clearly requires otherwise.

25 (1) "Capital plan" means the state ferry system plan as described
26 in RCW 47.06.050(2) and adopted by the commission.

27 (2) "Capital project" has the same meaning as used in capital
28 budget instructions developed by the office of financial management.

29 (3) "Commission" means the transportation commission created in RCW
30 47.01.051.

31 (4) "Improvement project" has the same meaning as in the capital
32 budget instructions developed by the office of financial management.
33 If the capital budget instructions do not define improvement project,
34 then it has the same meaning as "program project" in the capital budget
35 instructions. If a project meets both the improvement project and
36 preservation project definitions in this section it must be defined as

1 an improvement project. New vessel acquisitions must be defined as
2 improvement projects.

3 (5) "Life-cycle cost model" means that portion of a capital asset
4 inventory system which, among other things, is used to estimate future
5 preservation cost needs.

6 (6) "Maintenance cost" has the same meaning as used in capital
7 budget instructions developed by the office of financial management.

8 (7) "Preservation project" has the same meaning as used in capital
9 budget instructions developed by the office of financial management.

10 (8) "Route" means all ferry sailings from one location to another,
11 such as the Seattle to Bainbridge route or the Port Townsend to
12 Keystone route.

13 (9) "Sailing" means an individual ferry sailing for a specific
14 route, such as the 5:00 p.m. sailing from Seattle to Bremerton.

15 (10) "Travel shed" means one or more ferry routes with distinct
16 characteristics as determined by the department.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 47.60 RCW
18 to read as follows:

19 (1) The commission shall, with the involvement of the department,
20 conduct a market survey to gather data on ferry users to help inform
21 level of service, operational, pricing, planning, and investment
22 decisions. The survey must include, but is not limited to:

- 23 (a) Recreational use;
- 24 (b) Vehicle customer use;
- 25 (c) Freight and goods movement demand; and
- 26 (d) Reactions to potential operational and pricing strategies
27 described under section 4 of this act and RCW 47.60.290.

28 (2) The survey must be developed with input from ferry advisory
29 committees.

30 (3) The market survey must be updated at least every two years.

31 NEW SECTION. **Sec. 4.** A new section is added to chapter 47.60 RCW
32 to read as follows:

33 (1) The department shall develop, and the commission shall review,
34 operational strategies to ensure existing assets are fully utilized and
35 to guide future investment decisions. These operational strategies
36 must, at a minimum:

1 (a) Recognize that each travel shed is unique and should be
2 evaluated separately;

3 (b) Use data from the current market survey conducted under section
4 3 of this act;

5 (c) Be consistent with vehicle level of service standards;

6 (d) Use a life-cycle cost analysis that considers capital and
7 operating costs and the most efficient balance between these costs; and

8 (e) Use methods of collecting fares that maximize efficiency and
9 achieve revenue management control.

10 (2) In developing operational strategies, the following, at a
11 minimum, must be considered:

12 (a) The feasibility of using reservation systems;

13 (b) Methods of shifting vehicular traffic to other modes of
14 transportation;

15 (c) Methods of improving on-dock operations to maximize efficiency
16 and minimize operating and capital costs;

17 (d) A cost-benefit analysis of remote holding versus over-water
18 holding;

19 (e) Methods of reorganizing holding areas and minimizing on-dock
20 employee parking to maximize dock size available for customer vehicles;

21 (f) Schedule modifications;

22 (g) Efficiencies in exit queuing and metering; and

23 (h) Interoperability with other transportation services.

24 (3) Operational strategies must be reevaluated periodically, at a
25 minimum, before developing a new capital plan.

26 **Sec. 5.** RCW 47.60.290 and 1983 c 3 s 136 are each amended to read
27 as follows:

28 ~~((Subject to the provisions of RCW 47.60.326,))~~ (1) The department
29 ~~((is hereby authorized and directed to))~~ shall annually review
30 ~~((tariffs and charges as))~~ fares and pricing strategies applicable to
31 the operation of the Washington state ferries ~~((for the purpose of
32 establishing a more fair and equitable tariff to be charged passengers,
33 vehicles, and commodities on the routes of the Washington state
34 ferries))~~.

35 (2) Beginning in 2008, the fares and pricing strategies developed
36 by the department must:

1 (a) Recognize that each travel shed is unique and should be
2 evaluated separately;

3 (b) Use data from the current market survey conducted under section
4 3 of this act;

5 (c) Be developed with input from affected ferry users by public
6 hearing and by review with the affected ferry advisory committees, in
7 addition to the data gathered from the market survey conducted in
8 section 3 of this act;

9 (d) Generate the amount of revenue required by the biennial
10 transportation budget; and

11 (e) Keep fare schedules as simple as possible.

12 (3) The fares and pricing strategies developed by the department
13 must consider the following:

14 (a) Options for using pricing to level vehicle peak demand; and

15 (b) Options for using pricing to increase off-peak ridership.

16 (4) Fares and pricing strategies must be adopted by rule, under
17 chapter 34.05 RCW, by the commission, according to the following
18 schedule:

19 (a) Each year the department shall provide the commission a report
20 of its review of fares and pricing strategies, with recommendations for
21 the revision of fares for the ensuing year;

22 (b) In October of each year, beginning in 2008, the commission
23 shall adopt by rule fares and pricing policies for the ensuing year.
24 The schedule may initially be adopted as an emergency rule if necessary
25 to take effect in, or as near as possible to, the month of October.

26 (5) The commission may adopt by rule fares that are effective for
27 more or less than one year for the purposes of transitioning to the
28 fare schedule in subsection (4) of this section.

29 (6) The commission may increase ferry tolls included in the
30 schedule of charges adopted under this section by a percentage that
31 exceeds the fiscal growth factor.

32 (7) Using sound business judgment, the chief executive officer of
33 the ferry system may authorize the use of promotional, discounted, and
34 special event fares to the general public and commercial enterprises
35 for the purpose of maximizing capacity use and the revenues collected
36 by the ferry system. The department shall report to the commission a
37 summary of the promotional, discounted, and special event fares offered

1 during each fiscal year and the financial results from these
2 activities.

3 (8) Fare revenues and other revenues deposited in the Puget Sound
4 ferry operations account created in RCW 47.60.530 may not be used to
5 support the Puget Sound capital construction account created in RCW
6 47.60.505, unless the support for capital is separately identified in
7 the fare.

8 **Sec. 6.** RCW 47.60.330 and 2003 c 374 s 5 are each amended to read
9 as follows:

10 (1) Before a substantial change to the service levels provided to
11 ferry users, the department shall consult with affected ferry users by
12 public hearing and by review with the affected ferry advisory
13 committees.

14 ~~(2) Before ((a substantial expansion or curtailment in the level of~~
15 ~~service provided to ferry users, or a revision in the schedule of ferry~~
16 ~~tolls or charges)) adding or eliminating a ferry route, the department~~
17 ~~((of transportation)) shall consult with affected ferry users and~~
18 ~~receive legislative approval. ((The consultation shall be: (a) By~~
19 ~~public hearing in affected local communities; (b) by review with the~~
20 ~~affected ferry advisory committees pursuant to RCW 47.60.310; (c) by~~
21 ~~conducting a survey of affected ferry users; or (d) by any combination~~
22 ~~of (a) through (c).-~~

23 ~~Promotional, discount, and special event fares that are not part of~~
24 ~~the published schedule of ferry charges or tolls are exempt. The~~
25 ~~department shall report an accounting of all exempt revenues to the~~
26 ~~transportation commission each fiscal year.~~

27 ~~(2) There is created a ferry system productivity council consisting~~
28 ~~of a representative of each ferry advisory committee empanelled under~~
29 ~~RCW 47.60.310, elected by the members thereof, and two representatives~~
30 ~~of employees of the ferry system appointed by mutual agreement of all~~
31 ~~of the unions representing ferry employees, which shall meet from time~~
32 ~~to time with ferry system management to discuss means of improving~~
33 ~~ferry system productivity.~~

34 ~~(3) Before increasing ferry tolls the department of transportation~~
35 ~~shall consider all possible cost reductions with full public~~
36 ~~participation as provided in subsection (1) of this section and,~~
37 ~~consistent with public policy, shall consider adapting service levels~~

1 ~~equitably on a route by route basis to reflect trends in and forecasts~~
2 ~~of traffic usage. Forecasts of traffic levels shall be developed by~~
3 ~~the bond covenant traffic engineering firm appointed under the~~
4 ~~provisions of RCW 47.60.450. Provisions of this section shall not~~
5 ~~alter obligations under RCW 47.60.450. Before including any toll~~
6 ~~increase in a budget proposal by the commission, the department of~~
7 ~~transportation shall consult with affected ferry users in the manner~~
8 ~~prescribed in (1)(b) of this section plus the procedure of either~~
9 ~~(1)(a) or (c) of this section.)~~

10 NEW SECTION. **Sec. 7.** A new section is added to chapter 47.60 RCW
11 to read as follows:

12 (1) Appropriations made for the Washington state ferries capital
13 program may not be used for maintenance costs.

14 (2) Systemwide and administrative capital program costs shall be
15 allocated to specific capital projects using a cost allocation plan
16 developed by the department. Systemwide and administrative capital
17 program costs shall be identifiable.

18 NEW SECTION. **Sec. 8.** A new section is added to chapter 47.60 RCW
19 to read as follows:

20 (1) The department shall maintain a life-cycle cost model on
21 capital assets such that:

22 (a) Available industry standards are used for estimating the life
23 of an asset, or department-adopted standard life cycles are used when
24 industry standards are not available;

25 (b) Standard estimated life is adjusted for asset condition when
26 inspections are made; and

27 (c) It does not include utilities or other systems that are not
28 replaced on a standard life cycle.

29 (2) All assets in the life-cycle cost model must be inspected and
30 updated in the life-cycle cost model for asset condition at least every
31 three years.

32 (3) The life-cycle cost model shall be used in estimating future
33 system preservation costs.

34 (4) Preservation funding requests shall only be for items in the
35 life-cycle cost model.

1 (5) Preservation funding requests that exceed five million dollars
2 per project must be accompanied by a predesign study that includes all
3 elements required in the office of financial management's predesign
4 manual.

5 (6) Appropriations made for preservation projects shall be spent
6 only on preservation projects when warranted by the asset condition.

7 NEW SECTION. **Sec. 9.** A new section is added to chapter 47.60 RCW
8 to read as follows:

9 The department shall develop terminal design standards that adhere
10 to the following:

11 (1) Vehicle level of service standards as described in RCW
12 47.06.140;

13 (2) Operational strategies as described in section 4 of this act;

14 (3) Pricing strategies as described in RCW 47.60.290;

15 (4) Life-cycle costs and the most efficient balance between capital
16 and operating investments are chosen; and

17 (5) A recognition that each travel shed is unique and should be
18 evaluated separately.

19 NEW SECTION. **Sec. 10.** A new section is added to chapter 47.60 RCW
20 to read as follows:

21 The capital plan must adhere to the following:

22 (1) A current ridership demand forecast;

23 (2) Vehicle level of service standards as described in RCW
24 47.06.140;

25 (3) Operational strategies as described in section 4 of this act;

26 (4) Pricing strategies as described in RCW 47.60.290; and

27 (5) Terminal design standards as described in section 9 of this
28 act.

29 NEW SECTION. **Sec. 11.** A new section is added to chapter 47.60 RCW
30 to read as follows:

31 (1) Terminal improvement project funding requests for design and
32 construction work must adhere to the capital plan.

33 (2) Terminal improvement funding requests for design and
34 construction work must be submitted with a predesign study that

1 includes all elements required in the office of financial management's
2 predesign manual.

3 (3) The predesign study must also:

4 (a) Separately identify basic terminal elements essential for
5 operation and their costs;

6 (b) Separately identify additional elements to provide ancillary
7 revenue and customer comfort and their costs;

8 (c) Include construction phasing options that fit with forecasted
9 ridership increases;

10 (d) Identify additional elements requested by local governments and
11 the cost and proposed funding source of those elements;

12 (e) Identify multimodal elements and the cost and proposed funding
13 source of those elements; and

14 (f) Identify all contingency amounts.

15 NEW SECTION. **Sec. 12.** A new section is added to chapter 47.60 RCW
16 to read as follows:

17 (1) The joint legislative audit and review committee shall assess
18 and report as follows:

19 (a) Audit the implementation of the cost allocation methodology
20 evaluated under chapter . . . (House Bill No. 1094), Laws of 2007, as
21 it exists on the effective date of this section, assessing whether
22 actual costs are allocated consistently with the methodology, whether
23 there are sufficient internal controls to ensure proper allocation, and
24 the adequacy of staff training; and

25 (b) Review the assignment of preservation costs and improvement
26 costs for fiscal year 2009 to determine whether:

27 (i) The costs are capital costs;

28 (ii) The costs meet the statutory requirements for preservation
29 activities and for improvement activities; and

30 (iii) Improvement costs are within the scope of legislative
31 appropriations.

32 (2) The report on the evaluations in this section is due by January
33 31, 2010.

34 (3) This section expires December 31, 2010.

35 NEW SECTION. **Sec. 13.** (1) The joint transportation committee
36 shall participate in and provide an independent review of (a) through

1 (f) of this subsection. In addition to committee members, or their
2 designees, the governor shall appoint a representative for this review.
3 The committee may also appoint other persons to assist in this review.

4 (a) Development and interpretation of the market survey of ferry
5 customers described in section 3 of this act;

6 (b) Analysis and reestablishment of vehicle level of service
7 standards as described in RCW 47.06.140. In reestablishing the
8 standards, consideration shall be given to whether boat wait is the
9 appropriate measure;

10 (c) Development of operational strategies as described in section
11 4 of this act;

12 (d) Development of pricing strategies as described in RCW
13 47.60.290. In developing these strategies, the one-way fare policy in
14 effect on some routes shall be evaluated;

15 (e) Development of terminal design standards as described in
16 section 9 of this act; and

17 (f) Development of a long-range capital plan as described in
18 section 10 of this act.

19 (2) This section expires June 30, 2009.

20 NEW SECTION. **Sec. 14.** The following acts or parts of acts are
21 each repealed:

22 (1) RCW 47.60.150 (Fixing of charges--Deposit of revenues) and 2003
23 c 374 s 3, 1999 c 94 s 26, & 1990 c 42 s 405; and

24 (2) RCW 47.60.326 (Schedule of charges for state ferries--Review by
25 department, factors considered--Rule making by commission) and 2005 c
26 270 s 1, 2003 c 374 s 4, 2001 1st sp.s. c 1 s 1, 1999 c 94 s 27, 1990
27 c 42 s 406, 1983 c 15 s 25, & 1981 c 344 s 5.

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